

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Harlan Kelly, Jr., General Manager, Public Utilities Commission  
Deborah Raphael, Director, Department of the Environment  
Jason Fried, Executive Officer, Local Agency Formation Commission

FROM: Erica Major, Assistant Committee Clerk, Government Audit and Oversight  
Committee, Board of Supervisors

DATE: February 4, 2015

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Avalos on January 27, 2015:

**File No. 150080**

**Ordinance urging the Public Utilities Commission to implement a revised Community Choice Aggregation Program that uses existing staff and excess generation from Hetch Hetchy and includes a 100% greenhouse gas emission free energy option and a "Light Green" option with average rates less than or equal to Pacific Gas and Electric Company's (PG&E's) rates while exceeding PG&E's level of renewable energy.**

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

C:  
Juliet Ellis, Public Utilities Commission  
Donna Hood, Public Utilities Commission  
Guillermo Rodriguez, Department of the Environment  
Alisa Somera, Office of the Clerk of the Board

1 [Urging the Public Utilities Commission to Implement a Revised Community Choice  
2 Aggregation Program]

3 **Ordinance urging the Public Utilities Commission to implement a revised Community**  
4 **Choice Aggregation Program that uses existing staff and excess generation from Hetch**  
5 **Hetchy and includes a 100% greenhouse gas emission free energy option and a “Light**  
6 **Green” option with average rates less than or equal to PG&E’s rates while exceeding**  
7 **PG&E’s level of renewable energy.**

8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
10 **Deletions to Codes** are in ~~*striketrough italics Times New Roman font*~~.  
11 **Board amendment additions** are in double-underlined Arial font.  
12 **Board amendment deletions** are in ~~striketrough Arial font~~.  
13 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
14 subsections or parts of tables.

15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. Background:

17 (a) For many years, the City has pursued implementation of CleanPowerSF, a  
18 community choice aggregation (CCA) program, to allow San Francisco citizens to receive  
19 cleaner more sustainable electricity. See Ordinance Nos. 86-04, 147-07, 232-09, 45-10, 200-  
20 12 and 78-14; and Resolution Nos. 348-12 and 331-13.

21 (b) Under CCA, the City would provide electricity, and PG&E would continue to  
22 deliver electricity. While customers could choose to opt out of the CCA program and remain  
23 with PG&E for all portions of electric service, many San Francisco citizens have expressed  
24 their desire to be part of a CCA program.

25 (c) In Resolution 348-12, the Board of Supervisors approved the San Francisco  
Public Utilities Commission (SFPUC) plan for launching CleanPowerSF and entering into a  
contract with Shell North America, subject to conditions.

1 (d) One condition for launching CleanPowerSF was approval by the SFPUC of not-  
2 to-exceed rates for CleanPowerSF.

3 (e) The SFPUC never approved not-to-exceed rates for CleanPowerSF.

4 (f) In Ordinance No. 78-14, the Board of Supervisors approved electing to study the  
5 feasibility of implementing a CCA by either joining Marin Clean Energy (MCE) or otherwise  
6 working with MCE to provide CCA service. The ordinance urged the SFPUC to take all  
7 necessary and appropriate steps to implement the CCA program that offers the most  
8 advantages to San Francisco electric customers.

9 (g) MCE has indicated that due to its large customer base and other risk factors,  
10 "San Francisco's prospective MCE membership presents unique challenges that are not  
11 currently contemplated nor addressed through [MCE's] existing ordinary membership  
12 process." In addition, MCE has stated that it does not anticipate "being able to consider new  
13 membership requests until the third quarter of 2015." September 29, 2014, Letter from Dawn  
14 Weisz (Executive Officer of MCE) to Jason Fried, Executive Officer of the San Francisco  
15 Local Agency Formation Commission (LAFCo).

16 (h) MCE has been successfully delivering CCA service to its customers since 2010,  
17 and Sonoma Clean Power launched successfully in 2014. Thus, CCAs now have the proven  
18 track record in the energy market that they lacked when San Francisco previously considered  
19 launching CleanPowerSF.

20 (i) LAFCo recently commissioned a report titled "Local Build-out of Energy  
21 Resources of the Community Choice Aggregation Program" by EnerNex, an electric power  
22 research firm. The report, issued on December 7, 2014, found that the SFPUC Power  
23 Enterprise staff has the necessary "skills, expertise, processes and systems needed to  
24 manage the procurement and portfolio management services for CleanPowerSF." Report at  
25 page 1; (the report is on file with the Clerk of the Board of Supervisors in File No. 150080).



1 (j) Therefore, there is no longer a need to contract with Shell Energy North  
2 America to launch CleanPowerSF.

3 (k) The EnerNex report identifies potential solar, wind, and geothermal projects that  
4 could generate as much as 746 MegaWatts of power, and produce an estimated 9,361  
5 construction jobs and 191 ongoing operations jobs.

6 (l) The report recommended that, in addition to offering a 100% greenhouse gas  
7 (GHG) emission free energy option, CleanPowerSF should consider offering a Light Green  
8 option with average rates less than or equal to PG&E's rates while exceeding PG&E's level of  
9 renewable energy.

10 (m) Under the City Charter, the SFPUC has exclusive management and control of  
11 energy programs like CCA.

12 Section 2. Finding and Recommendations.

13 (a) The Board of Supervisors finds that:

14 (1) CCA service can offer numerous benefits, including:

15 (A) Providing San Francisco electric customers with a 100% GHG  
16 emission free energy alternative to PG&E;

17 (B) Helping San Francisco meet its GHG emission reduction mandates;

18 (C) Providing a new source of revenue for the SFPUC Power Enterprise;

19 (D) Creating thousands of jobs by building renewable power facilities on  
20 City-owned property.

21 (2) Based on MCE's current lack of capacity to provide CCA service to a larger  
22 jurisdiction like San Francisco, joining MCE is not currently a feasible method for providing  
23 CCA service to San Francisco electric customers.

24 (b) The Board of Supervisors urges the SFPUC to immediately take necessary and  
25 appropriate steps to implement a CleanPowerSF program with the following characteristics:

1 (1) Power procurement and portfolio management should be performed by  
2 existing Power Enterprise staff.

3 (2) In an initial phase (Phase 1), CleanPowerSF should target a total megawatts  
4 size that is informed by the following two factors:

5 (A) The largest size that can be implemented using current Power  
6 Enterprise staffing levels, and

7 (B) The estimated amount of excess Hetch Hetchy hydroelectric power  
8 that could be available for CleanPowerSF customers.

9 (3) Subsequent phases should be planned based on the experience with Phase  
10 1.

11 (4) Phase 1 should include two options: (A) a 100% GHG emission free energy  
12 option and (B) a "Light Green" option with average rates less than or equal to PG&E's rates  
13 while exceeding PG&E's level of renewable energy.


14 (5) The SFPUC should immediately set not-to-exceed rates for these two  
15 options in a manner that best balances affordable price, effective utilization of excess Hetch  
16 Hetchy hydroelectric power, additional purchases of renewable energy products, and building  
17 a fund for construction of local renewable energy resources.

18 (6) The SFPUC should identify its target Phase 1 customer base and comply  
19 with State law opt-out requirements. Phase 1 target customers who do not opt out should be  
20 automatically enrolled in the "Light Green" option, unless they voluntarily switch to the 100%  
21 GHG emission free energy option. Additional customers outside the target Phase 1 customer  
22 base that volunteer for the 100% GHG emission free option should be permitted to participate  
23 in Phase 1. This would ensure that when CleanPowerSF is launched, San Franciscans would  
24 not pay more for their electricity than PG&E customers unless they voluntarily elect to  
25 participate in the 100% GHG emission free energy option.

1 Section 3. Effective Date. This ordinance shall become effective 30 days after  
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
4 of Supervisors overrides the Mayor's veto of the ordinance.

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6 APPROVED AS TO FORM:  
7 DENNIS J. HERRERA, City Attorney

8  
9 By:

  
10 Jeanne M. Solé  
11 Deputy City Attorney

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